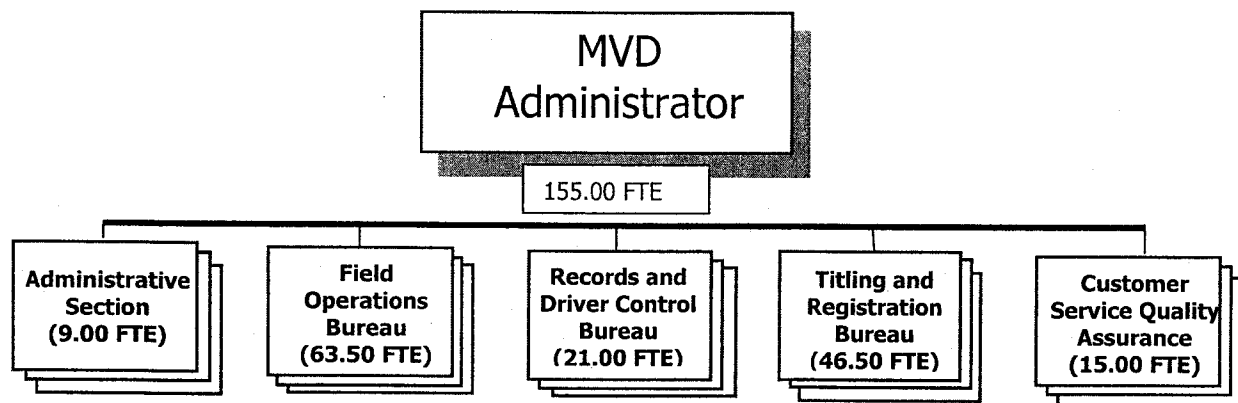




61st Legislative Session – 2009
 HB 2 Budget Sub-Committee Presentation

The mission of the Motor Vehicle Division is to pursue and promote efficient, cost effective programs that benefit the interests, safety, and well being of Montana citizens through licensing, registering, and regulating the motoring activities of the public.



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Division Decision Packages and Responses to LFD Comments/Issues

The budget for the Department of Justice, Motor Vehicle Division is included in the Legislative Fiscal Division Budget Analysis, Volume 6, pages D70-D81.

1. *LFD Comment: Legislative Funding Based on Articulated Goal/Measurable Objective [D71]:* If the infrastructure to accommodate statewide scheduling of all driving services is inadequate, as for example would be the case if the Call Center responsible for other than online appointment scheduling, is not fully and adequately staffed, customer service remains negatively impacted because the Division lacks the ability to extend appointment scheduling to other stations. Therefore, the customer cannot schedule an appointment and is instead relegated to waiting in the exam station until he or she can be served or returning another day to obtain the desired service. Thus the resource question is the ability to support appointment scheduling with resources and then assess scheduling demand, both by phone and online, to determine if staff resources are properly allocated to meet needs within an articulated time frame, e.g., two weeks from appointment request.

2. *LFD Issue: Lack of Division Wide Goals and Measurable Objectives [D-72] -* The Division will redouble its efforts to develop and refine its 2011 biennium goals to incorporate measures or benchmarks to demonstrate what it seeks to attain relative to its goals and how those attainments can be measured in qualitative or quantitative terms in relation to program expenditures. The spreadsheet summarizing the Division's Present Law and New Proposal DPs shows the beginnings of this effort in each of the associated columns – Division Goal, Objective, Measurement, Timeline.

3. *LFD Issue: Impact Anticipated, Plan Lacking [D-75] -* Five FTE have retired during the current biennium and a recent survey indicates that no additional retirements are expected within the next 6 months. The Division appreciates that effective training structures and documentation of business processes are needed for succession planning to be effective and successful. The Division is developing documents and guides that will ease the impacts on the workplace. Additionally, the Division continues to monitor and manage the impact on personal services in compensated annual leave, comp time, and sick leave payouts.

DP1201 – Base Adjustments MVD Field Operations Bureau [D75-76] requests an increase for driver licensing operations of \$399,956 for the biennium (\$239,979 general fund and \$159,986 state special revenue) for:

- postage (\$8,900/yr),
- rent (\$73,548 FY 2010 and \$93,617 FY 2011), and
- vehicle replacements (\$107,500/yr – five vehicles).

4. *LFD Issue: Multiple Items Requested [D-75]* – The present law decision packages were presented in accordance with past practice which focused on high level functional areas. Future budgetary decision packages will be structured around single decisions.

5. *LFD Issue: Rent Inconsistent with 3 Percent D-76]* – Thirteen of the seventeen lease agreements are within the 3 percent increase factor. Working with the Department of Administration, new leases were acquired for the Bozeman, Livingston, and Stevensville driver licensing offices that are outside that factor. The increases in these rent agreements are due to the need to maintain quality services for the public in high volume areas, to meet growing customer service needs, to improve customer services, and insure safety and privacy for the public transacting business with the Division.

Due to high volume public service demand and insufficient area for necessary equipment, negotiations are ongoing to acquire a new location in Kalispell and the increase requested is based on local market estimates. These new leases increased significantly due to the economics for each location in addition to the fact the previous leases had been locked in for several years

6. *LFD Issue: Vehicle Replacement [D-76]* – Eight of the 39 vehicles used by the Division have more than 130,000 miles and 75 percent of the Division's vehicles are recycled MHP vehicles that are not fuel efficient. Loading and unloading camera and computer equipment in the trunks or back seats of the MHP vehicles has resulted in four back-related workers compensation claims the last two years. Placing these vehicles on a replacement plan at 100,000 to 130,000 miles matching mileage and vehicle usage would result in reduced workers compensation claims and increased fuel savings in addition to meeting the Governor's 20x10 energy initiative.

7. *LFD Comment: Postage overstated [D-77]* -- Due to increasing volume of mailing driver licenses and renewal notices and the postal rate increase earlier this year, an annual increase of \$8,900 is reported for postage.

DP1202 – Base Adjustments MVD Title and Registration Bureau [D-77] requests an increase of \$63,822 for the biennium (\$38,293 general fund and \$25,529 state special revenue) for motor vehicle titling and registration and dealer licensing of:

- overtime (\$10,000) for dealer licensing and high volume titling periods,
- increases in legal fees (\$15,000) for franchise dealer litigation,
- postage (\$27,200) for motor vehicle renewal notices, and
- rent (\$11,622) to meet contract commitment.

DP 1204 – Adjust Base for HB 577, HB 261, & HB 90 Debt Payments [D-77] requests a biennial appropriation of about \$2 million state special revenue to fund debt payments for the business re-engineering, design and development of a new system for motor vehicle related functions – MERLIN. About \$4.1 million of the principal has been repaid at this time with repayment to be completed in 2018.

DP 1205 – New Driver's License Production Costs [D77-78] requests an increase of \$558,040 for the biennium (\$334,824 general fund and \$223,216 state special revenue) for increases in production costs related to the new driver's license card production contract effective July 2008. This contract is locked in for seven years at \$8.595/card and replaced the contract that had locked the old cost of \$3.15/card for eight years. Additionally, costs for this contract are not included in the budget base year since the first driver licenses and identification cards produced under this contract were not issued until July 2008. The current contract supplies a fully inter-operative driver license issuance system, including integrated components for appointment scheduling (soon available online and at several locations), automated driver license knowledge testing, digital driver license/identification card production, image-based facial recognition services and document authentication. Without funding for this decision package, the State will not be able to issue driver licenses and identification cards.

8. *LFD Comment: Only One Performance Measure Provided [D-78]* - The current contract enhances the ability of the Division to prevent and detect fraud or identity theft related to driver licenses and identification cards by using facial recognition technology to compare images on record with the image of the applying applicant. That is an aspect of issuing a secure DL or ID to a Montana resident. Additionally, automated knowledge testing is both a convenience to the customer and an efficiency measure for staff who do not have to hand-score tests.

9. *LFD Issue: REAL ID Act [D-78 related to narrative on D-45-47]* – The decision package refers to the ability of the holder of a Montana driver license/identification card to board an airplane or access a federal facility. This statement accurately conveys the current status of Montana DL/ID products relative to DHS' granting Montana an unrequested extension for compliance with the REAL ID Act. The LFD correctly notes that this extension will expire, unless a second extension is requested and granted.

The Division has not forwarded any proposals that would change its processes relative to the 18-material compliance benchmarks established in the federal rule implementing the REAL ID. The state statute specifically prohibits the Division from implementing provisions of the REAL ID Act. In consideration of the ongoing opposition to the REAL ID Act, as evidenced by policy statements and actions of both the National Council of State Legislatures and the National Governors Association, the introduction in 2007 of federal legislation by Senators Baucus and Tester to repeal the REAL ID, and recent changes both in the White House and Congress, the REAL ID Act may not survive long enough to go through another round of extensions, whether requested or not.

DP 1207 – Point of Sale Title and Registration Forms [D78-79] requests an increase of \$405,690 for the biennium (\$243,414 general fund and \$162,276 state special revenue) for forms with decals and the specialized cartridges are critical to operate point-of-sale (POS). Funding this budget request will annualize contractual costs for the validation forms printed at the time of the motor vehicle registration (eliminating inventory losses) and the unique toner cartridges utilized by the POS printer that meet security requirements and clearly indicate any attempts at alteration. Without funding for this contractual commitment, the counties will not be able to complete and issue

motor vehicle registration forms and license plate decals on behalf of the State. Montana citizens would not have proof their motor vehicles have been registered nor documentation for appropriate tax deductions. Law enforcement would not have visual representation of updated information available on vehicle ownership and registration.

10. LFD Issue: Lack of Performance Measures [D-79] – As the MERLIN project moves forward measurements will be taken to determine statistics for comparison to the Legacy system processes. For example, historical losses due to destruction of excess county decal inventory have been about five percent and in comparison with the MERLIN POS decals, the only inventory loss would be for an occasional printer malfunction. The Division will continue to develop and monitor performance measures during the 2011 biennium and report to the Legislature.

DP 1208 – License Plate Reissue –OTO- [D79-80] requests an increase of \$321,250 one-time-only general fund for costs related to the manufacture and issuance of new general issue license plates beginning January 2, 1010 for:

- Consulting and temporary services \$34,500 for design and project support,
- Printing \$18,000 for plate mailing envelopes,
- Supplies \$200,000 for POS decals,
- Fuel \$8,000 for the delivery vehicle,
- Postage and freight \$54,400 to ship plates to the counties, and
- Travel expenses \$6,350 for staff to deliver some shipments to counties.

10. LFD Comment: DP Assumes 800,000 Decals [D-80] – Montana law requires one decal affixed to the rear license plate as a visual indicator that registration fees are paid. 61-3-332, MCA, requires the issuance of new standard license plates to replace previously issued standard license plates upon renewal in 2010. A new license plate general issue of 800,000 sets of plates requires a matching number of decals.

11. LFD Issue: 2011 Biennium Net General Fund Decrease [D-80] – After adjusting for ongoing business transactions, it is estimated a new general issue of license plates would generate \$2.9 million in general fund. The combined cost for production of the new plates is estimated at \$3.2 million that would result in a net general fund decrease of \$225,630 in the 2011 biennium which would be offset in the future when the county inventory is sold. Estimated costs related to the issues of a new general issue plate would be reduced by HB 320 (one plate) or SB 203 (eliminate periodic plate replacement) became law.

DP 1212 – MV Proprietary Account Spending Authority [D-80] requests \$50,000 proprietary funds for the biennium to support development, maintenance and distribution of electronic information from the motor vehicle end driver license databases. E-government applications are being developed that allow appropriate access to information on-line for a fee (such as, employers may obtain a copy of a driving record online). The fees collected are deposited in a proprietary account to support continued development and maintenance of e-government application for motor vehicle and driver licensing applications. This is a biennial appropriation.

DP 1213 – HB 671 Proprietary Account Spending Authority [D-81] requests \$317,704 proprietary funds for the biennium to support operating costs for an enhanced motor vehicle web portal allowing third party users to access the system. This web portal service developed in cooperation with Montana Interactive provides temporary registration permits online and results in immediate visibility by law enforcement. The fees collected are deposited in a proprietary account to support this e-government service. This is a biennial appropriation that will be fully expended in FY 2009.

DP 7101 – Fuel Inflation Reduction [D-81]. This is a biennial reduction of \$16,971 (\$10,183 general fund and \$6,788 state special revenue) in response to the economic downturn in fuel costs.

New Proposal DP 1210 – State Special Revenue Funding Switch [D81] is no longer included in the executive budget.

New Proposal DP 6101 – Fixed Cost WC Management Program Allocation [D-81] requests an increase of \$9,438 for the biennium (\$5,664 general fund and \$3,774 state special revenue) to continue the Workers Compensation Management Program that was OTO funded for the 2009 biennium.

New Proposal DP 8101 – Increasing 4% Vacancy Savings to 7% indicates a decrease of \$397,781 for the biennium (\$238,674 general fund and \$159,107 state special revenue) to comport with legislative intent.

DIVISION HIGHLIGHTS -- 2009 BIENNIUM

The Montana Enhanced Registration and Licensing Information Network (MERLIN) project has been a significant focus for the Division during the 2009 biennium. When fully deployed, MERLIN will be a fully integrated, customer centric system that links a customer with their vehicle ownership and driver license data; that facilitates further implementation of convenient online services for customers; and provides an updated and responsive accounting system for motor vehicle and driver license revenues.

The first phase of MERLIN was put into production in July, 2006, and since then, the Division's Administrative Section has implemented the legislative mandate that gave DOJ responsibility for collection, auditing and reporting for distribution of all motor vehicle revenues remitted by the 56 County Treasurers – over \$116 million annually.

Currently, the Division is getting ready to move the vehicle titling and registration, dealer services and additional financial services of MERLIN into production. This involves both extensive and intensive attention to testing, documentation and reporting protocols by Division staff and county personnel and ongoing training work with over 400+ prospective MERLIN users in county treasurer offices and the Division.

The MERLIN project is summarized in the Legislative Fiscal Division Budget Analysis, Volume 6, Section D, Pages D-47 and 48.

Other notable Division highlights include:

- » Successfully entered into a new 7-year contract with L-1 Identity Systems for the production of driver license and identification cards that also provides automated testing, appointment scheduling, facial recognition, and document authentication
- » Nearing rollout of online and centralized appointment scheduling at several driver licensing locations and added driver licensing office in Browning
- » Implemented, in coordination with the Department of Corrections, the ability for DOC staff to access and use driver license equipment to issue identification cards and administer written knowledge driver licensing testing to inmates
- » Reallocated 4.00 FTE from Records and Driver Control to establish the Call Center and bolster CDL Help Desk services, both of which are vital to the rollout of statewide appointment scheduling for driver licensing
- » Electronically received nearly 75,000 of 109,000 reports of convictions from the courts in 2008
- » Reorganized the Records and Driver Control Bureau to successfully manage workloads that increased 3.5% (DUI/BAC convictions) to 7.7% for driver license suspensions, revocations, cancellations, and reinstatements

- » Successfully supported the Secretary of State's voter registration and verification requirements for the 2008 primary and general elections, as well as the expansion of jury pools to include licensed drivers and ID card holders
- » Reduced titling turnaround from 25+ days (7/9/07) to next day issuance (1/20/09)
- » Developed and added 40+ on-line, fill-able forms for titling and registration to the Division's website
- » Expanded online services, with the state's portal vendor, for the public: Temporary Registration Permits, Vehicle History Search, and Driver History Search
- » Rolling out, with JITSD as lead, over 300 new computers and 60 printers statewide to county treasurer offices across the state
- » Converted from microfilm document storage to imaging with rapid on-line access within the Division to records utilizing Intellivue and FileNet
- » Through teamwork with Montana's state portal vendor, expanded online availability of driver license and motor vehicle information for those with authorized access to the information including individuals, federal, state (such as, the juvenile and district courts, child support enforcement agencies, and law enforcement agencies), county, and private sector businesses (such as insurance companies)

OVERVIEW OF DIVISION DUTIES

The Field Operations Bureau:

- Conducts driver examinations (written, oral, and skills tests)
- Validates a person's ability to safely operate a motor vehicle
- Licenses basic, commercial, and motorcycle operator licenses
- Validates applicant's identity and legal presence
- Investigates driver licensing fraud
- Issues identification cards
 - Registers voters and organ donors through the motor vehicle system
 - Performs vehicle identification number (VIN) inspections

Each year, the **Field Operations Bureau**

- Provides driver licensing services at 21 permanent and 27 travel locations
- Issues more than 179,000 new, renewal, and duplicate driver licenses
- Administers more than 43,700 written and oral driver knowledge tests
- Conducts driving skills tests for more than 27,600 basic, commercial, and motorcycle operators
- Conducts more than 300 special driver licensing investigations
- Licenses more than 15,000 students in CDTP and driver education programs
- Transfers more than 22,000 out-of-state driver licenses
- Issues more than 20,600 secure ID cards
- Registers more than 16,800 citizens to vote and 91,000 individuals as organ donors
- Generates more than \$4 million in general fund and \$945,000 in state special revenue for the state

The Records and Driver Control Bureau:

- Administers administrative and conviction based driver license suspensions, revocations, cancellations, withdrawals, and reinstatements
- Suspends vehicle registrations after convictions for no insurance
- Maintains all driver records (including licensure, violations, actions)
- Exchanges driver record information with other jurisdictions

The **Records and Driver Control Bureau** annually:

- Maintains more than 1.5 million driver records (738,000 are licensed in Montana)
- Records more than 100,000 traffic tickets and 200,000 driver history documents
- Provides more than 420,000 on-line driving records to insurance companies, employers and other authorized parties through Montana Interactive
- Provides more than 7,500 certified records to authorized agencies including criminal justice agencies and courts
- Suspends, revokes, or cancels over 35,000 driver licenses
- Reinstates the licenses of more than 20,000 drivers
- Suspends more than 2,200 vehicle registrations for no insurance convictions
- Issues more than 2,400 probationary driver licenses
- Mails an average of 6,000 driver license renewal notices each month to Montana drivers whose driver licenses are expiring, using a third party contractor
- Generates more than \$3.1 million/year in general fund and \$493,000 in highways state special revenue

The Title and Registration Bureau:

- Certifies and issues titles for new and used motor vehicles, trailers, snowmobiles, boats, motorcycles, and off-highway vehicles
- Records and releases motor vehicle security interests
- Registers motor vehicles through a partnership with the county treasurers
- Maintains the motor vehicle valuation system for county option taxes
- Licenses motor vehicle dealers and manufacturers and audits for compliance
- Manages the VIN inspection program
- Issues parking permits for people with disabilities
- Maintains records for all vehicles titled and registered in Montana
- Provides online motor vehicle information to law enforcement, insurance companies, employers, and other authorized parties
- Assists with investigations of motor vehicle and odometer fraud

Each year, the Title and Registration Bureau:

- Registers more than 1.5 million cars, trucks, trailers, commercial vehicles, boats, snowmobiles, off-highway vehicles, and motorcycles
- Generates more than 466,000 titles including salvage titles and junk vehicle receipts
- Files or releases more than 302,000 securities interests on vehicles
- Licenses and regulates more than 1,100 motor vehicle dealers and manufacturers
- Mails more than 870,000 vehicle registration renewal notices, using a third party vendor
- Issues more than 23,800 parking permits for people with disabilities
- Supplies license plates, decals, and motor vehicle forms for the county treasurers
- Maintains more than 3.6 million vehicle records and responds to requests for information about vehicle ownership
- Generates more than \$112.5 million in general fund and \$3.5 in state special revenue

The Customer Service and Quality Assurance Section (CSQA):

- Acts as a liaison between the Division and the county treasurers
- Develops and provides statewide motor vehicle related training programs
- Prepares title, registration, and dealer manuals for standardization
- Performs system testing and recommends process improvement
- Provides call center help desk services including scheduling appointments for driver licensing testing and renewal services
- Provides technical writing services to all of MVD including website support

Each year, the Customer Services and Quality Assurance Section:

- Develops and presents more than 70 statewide training programs in vehicle titling, registration, and dealer law and procedures for the 56 counties training and communications coordinator personnel, more than 325 county treasurers and clerical staff, members of the Montana Auto Dealers Association, Montana Independent Auto Dealers Association, Montana Banker's Association, credit unions and more than 12 state agencies accessing data in the motor vehicle system

The Administrative Section:

- Provides agency liaison management for business processes and technical solutions for motor vehicle, dealer licensing, and driver licensing processes and coordinates requests for system structural changes
- Provides accounting services to ensure that revenues and expenditures are accurately recorded in SABHRS processing more than \$125 million annually in motor vehicle and driver licensing revenues
- Ensures that revenues collected for other state agencies and specialty organizations are distributed accurately.
- Audits the monthly county collection reports from 56 counties and coordinates adjustments to ensure that the revenues reflected in SABHRS are accurate
- Identifies training needs and coordinates with the Customer Service and Quality Assurance Section to provide the training and solutions to ensure accurate transaction processing and revenue reporting.
- Coordinates the product and revenue distribution configuration to properly account for motor vehicle and driver licensing fees collection and remittance to the State treasury (SABHRS).
- Provides administrative support for division management, including revenue analysis, expenditure tracking, budget projections, and human resource issues.